

Testimony Regarding S.B. No. 32: An Act Implementing the Governor's Budget
Recommendations Concerning Social Services
Testimony in Support of H.B. No. 5068: An Acting Concerning Amendments to the
Medicaid State Plan

Sharon D. Langer, M.Ed., J.D.
Human Services Committee
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Dear Senator Doyle, Representative Walker and Members of the Human Services Committee:

I am a Senior Policy Fellow with Connecticut Voices for Children, a statewide research-based policy think tank that works to advance public policies that benefit the state's children, youth and families.

CT Voices *opposes* the Governor's budget cuts to the HUSKY health insurance program set forth in S.B. 32, but *supports* the Governor's recommendation to utilize a non-risk administrative services organization for medical services in HUSKY.

We *oppose* the following recommendations because they hurt families and will not save the state money. (Reference below to Medicaid adults includes HUSKY A parents):

- Increasing premiums and co-pays on children in HUSKY B (Sec. 29)
- Eliminating HUSKY Plus coverage for children in HUSKY B (Sec. 48)
- Imposing co-payments on adults in Medicaid (Sec. 34)
- Eliminating coverage for over-the-counter medications for adults in Medicaid (Sec. 31)
- Eliminating coverage for eyeglasses, contact lens or services provided by opticians for adults in Medicaid (Sec. 30)
- Narrowing the definition of medically necessary services in Medicaid (Sec. 36)
- Imposing prior authorization on all mental health drugs not on DSS's preferred drug list (applies to children too) (Sec. 33)
- Reducing funding and limiting scope of reimbursable foreign language interpretation services (Sec. 37)
- Eliminating funding for HUSKY Infoline which provides a state-wide call center to help families with questions regarding eligibility and access to care. (in Governor's Budget)
- Eliminating Medicaid Managed Care Council (Sec. 68)
- Eliminating quality of care standards and public input in HUSKY B (Sec. 68)
- Permitting DSS to implement any and all policies and procedures prior their formal adoption as regulations (Sec. 42)

The Governor's budget reductions in HUSKY will result from *eligible* families failing to enroll in the program due to unaffordable premiums, *eligible* families failing to utilize needed health care due to unaffordable co-pays, and health care providers being on the hook for co-pays that they cannot collect from many of the individuals whom they treat. (See a more detailed analysis of many of the

above-listed cuts in the attached CT Voices for Children brief: *The HUSKY Program Budget in Context: An Analysis of the Governor's FY 2011 Budget Proposal*, Rev. Feb. 4, 2010).

Oppose Elimination of HUSKY Plus Benefits (Sec. 48)

We oppose elimination of the HUSKY Plus program which provides supplemental benefits for children with HUSKY B subsidized coverage (between 185% and 300% FPL, e.g., \$43,028 and \$54,930 for a family of three) who have special health care needs. HUSKY Plus was included in the original legislation that created the HUSKY program because of concerns that uninsured children with intensive health care needs would not be able to afford special equipment or other essential medical services. HUSKY Plus Physical helps pay for items, such as hearing aids and special nutritional supplements. Currently, there is only one separate HUSKY Plus Program – HUSKY Plus Physical which is administered by the Connecticut Children's Medical Center. HUSKY Plus Behavioral Health was rolled into the Connecticut Behavioral Health Partnership when behavioral health services were carved out of managed care in 2006. We have the following questions and concerns. Are any behavioral health services being eliminated for HUSKY B children who would otherwise be eligible for what were HUSKY Plus Behavioral Health services? If so, what services are being eliminated? Approximately 200 children each month receive critically needed services from HUSKY Plus Physical. It is unclear from this statutory repeal whether the Governor is proposing to eliminate the services entirely or eliminating the manner in which the services are covered: If one or more administrative services organizations (ASOs) take the place of managed care organizations, will the services be provided through the ASOs rather than as a separate wrap-around program? And if that is the case, how will families know that those services or equipment are still available?

Oppose Elimination of Funding for HUSKY Infoline

We oppose the Governor's proposal in her budget to eliminate funding for HUSKY Infoline within United Way of CT/2-1-1 system. HUSKY Infoline provides an important and unique service to thousands of Connecticut families every year. CT Voices staff have first-hand knowledge of the invaluable services that its experienced and multilingual care coordinators provide, helping 1.2 million kids and parents in the last 12 years to get the health care they need and navigate the ever-changing HUSKY system.

We also know that the Department of Social Services has relied heavily on HUSKY Infoline to communicate with families about the implementation of frequent changes to the program, such as the managed care transition, pharmacy and dental carve-outs, and the complicated federal citizenship documentation regulations. Given the economic challenges facing families combined with the proposed changes to the HUSKY program, the need to maintain HUSKY Infoline is greater than ever.

Oppose Elimination of Medicaid Managed Care Council (Sec. 68)

This is no time to eliminate the Medicaid Managed Care Council which advises the Department of Social Services about the HUSKY program. The Council brings together the many stakeholders in

this large and complicated program – legislative leaders, DSS officials, health care providers, health advocates and community based organizations to help promote transparency, accountability and improvements in the program. Now when the Governor is proposing another major change to the program - converting from a risk-based managed care organization model to utilization of non-risk administrative services organizations – the Council should continue to provide guidance and feedback to DSS as it navigates this latest challenge.

Oppose giving DSS authority to implement any and all policies and procedures prior to their adoption through formal rulemaking (Sec. 42)

Generally, state agencies, including DSS, must follow the state Uniform Administrative Procedures Act in adopting regulations. Increasingly, the legislature has allowed the Department to implement policies and procedures mandated by state statutes “while in the process of adopting such policies and procedures as regulation” so long as the Department publishes a notice of intent to adopt regulations within 20 days of implementing them. While there are reasons to allow such an exception on a case-by-case basis - for instance - to comply with federal law, to maximize federal funds, or to expand eligibility mandated by the legislature, DSS should not be given carte blanche to circumvent the formal rulemaking process. As a case in point, in the dozen years that the HUSKY B program has been in effect – its regulations have NEVER been finalized. The Department has been allowed to operate under “proposed” regulations and has little incentive to formalize its rules - particularly when the priorities of the legislative and executive branches do not mesh. This proposed change will only encourage disregard for the law and undermines transparency.

Oppose elimination of state statutes that require accountability and transparency in the HUSKY Program (Sec. 68)

Section 68 would repeal HUSKY B quality of care standards applicable to managed care organizations ostensibly because the Governor is proposing to eliminate managed care organizations in the HUSKY Program. Accountability in the HUSKY Program is one of the positive outcomes of utilizing managed care and should not be abandoned. We therefore oppose repeal of 17b-298 (Regulations re: quality of care under HUSKY Plan). We also oppose repeal of 17b-302 (Public Involvement in the Design and Implementation of HUSKY B). Again, presumably the Governor is proposing to eliminate this statute because of its references to managed care organizations. Among the requirements of this statute is to “ensure ongoing public involvement”. Such ongoing public involvement is important and should continue regardless as to whether it is required by federal law.

Support Administrative Services Organization (Sec. 45)

Last year we urged this Committee to enact legislation that would require the Department of Social Services to utilize an administrative services organization rather than the current at-risk managed care plans in the HUSKY program. We are pleased to see that the Governor’s budget includes such a proposal.

We urge lawmakers to work with the Department of Social Services to develop an ASO model that includes the comprehensive data collection and reporting requirements under managed care and apply lessons learned from Connecticut’s current ASOs in HUSKY – the CT Behavioral Health Partnership and the CT Dental Health Partnership. Moreover, successful Primary Care Case Management (PCCM) models in other states have relied on ASOs to provide functions that are not

easily accomplished by all health care providers, such as arranging transportation, credentialing, data collection and reporting, and other administrative functions.¹

Support notification to the legislature of amendments to the Medicaid State Plan (HB 5068)

We support requiring the Department of Social Services to notify the Human Services and Appropriations Committees of proposed amendments to the Medicaid state plan. Sec. 17b-8 already requires the Department to submit an application for federal Medicaid waivers to the Human Services and Appropriations Committees. In recent years, federal law has changed to give states more flexibility in modifying their Medicaid programs through state plan amendments, rather than via the more complicated waiver application process. It therefore makes sense for the Department to notify this legislative body of any proposed state plan amendments to allow the committees (and the public) for an opportunity to review and comment before the amendments are submitted to the federal government.

Please urge Congress to continue increased federal Medicaid funding (enhanced match) through SFY 11

The Governor's budget assumes that the Recovery Act's enhanced Medicaid matching funds will continue through SFY 11 in the amount of \$265 million. As a result of the Recovery Act, the federal government currently pays for about two thirds of the cost of HUSKY. *Or stated another way – for every three dollars Connecticut spends on its HUSKY kids and families (as well as other adults on Medicaid), the federal government gives us back about two dollars.* Congress can help prevent Connecticut from cutting back on its promises to kids' and families' health by maintaining its financial commitment to the Medicaid and CHIP programs beyond December 31, 2010 when the Recovery program is slated to end. It is therefore urgent that this Committee and all state lawmakers contact our Congressional delegation immediately, and ask that they work hard to pass additional state fiscal relief.

Please consider alternatives to damaging cuts to HUSKY and Medicaid

And finally, rather than relying on spending cuts that damage the state's economy and hurt our ability to invest in the future, we need a more balanced approach that includes revenues. Just as people's needs are rising dramatically, the revenues the state has to meet those needs are falling. More than ever today, people need access to quality health care, child care, jobs, and education. So we have to fill that gap between people's growing needs and what it takes to meet them. CT Voices for Children is ready, willing and able to offer alternatives to the above damaging cuts to kids and families.

Thank you for the opportunity to submit this testimony concerning the Governor's proposals related to the HUSKY program. Please free to contact me if you have questions or need additional information.

¹ See, M. Lee, S. Langer, Opportunities for Improving Care for Families in the HUSKY Program (April 2008), available at www.ctkidslink.org/pub_detail_407.html

CONNECTICUT VOICES FOR CHILDREN



The HUSKY Program Budget in Context: An Analysis of the Governor's FY 2011 Budget Proposal

Revised February 18, 2010

Why Public Investment is Important

The HUSKY program is a central component of Connecticut's system of health care for children. Nearly one in three children in the state is enrolled in the program. The HUSKY program provides health insurance coverage for nearly 240,000 children and 118,000 parents and pregnant women through HUSKY A (Medicaid managed care) and over 15,500 children in HUSKY B (Children's Health Insurance Program managed care). Enrollment is up 8.0% in the past year, as fewer Connecticut families have been able to obtain or afford employer-based health insurance since the recession began. While children and parents/caregivers make up 75% of persons covered by Medicaid in Connecticut, they account for just 24% of all Medicaid spending.¹ The federal government currently reimburses Connecticut for 60% of the costs of HUSKY A and 65% of the costs of HUSKY B. Put in another way, for every \$3 Connecticut spends, the federal government reimburses the state almost \$2.

HUSKY is a smart public investment. National data show that children with health insurance are more likely to have a usual source for care, more likely to have had health care in the past year, and less likely to have gone without needed care. Families that have lost their jobs and health care coverage during this economic downturn have turned to the HUSKY Program to ensure access to needed care. But for the HUSKY Program, thousands more children, pregnant women and parents would be uninsured. Although we have made gains in covering more families, Connecticut still has over 340,000 uninsured residents, including about 44,000 children under 18.² Health care coverage is an essential part of Connecticut's core public infrastructure.

Connecticut's Public Investment in Health Care Coverage

FUNDING FOR THE HUSKY PROGRAM					
	FY 08 Actual ^a	FY10 Estimated ^b	FY11 Appropriated ^b	FY 11 Governor's Recommended	Difference between Governor's recommended FY11 and FY11 budgeted
HUSKY A	\$830,653,499 ^c	Part of Medicaid budget			
HUSKY B	\$32,522,121	\$34,761,200	\$36,463,900	\$37,048,000	\$584,100
HUSKY outreach, including HUSKY Infoline	\$1,663,989	\$671,129	\$706,452	\$0	-\$706,452
HUSKY Program performance monitoring ^d	\$218,317	\$207,401 ^e	\$218,317	\$218,317	\$0

^a FY08 actual expenditures, not adjusted for inflation.

^b Estimated expenditures for FY10 and appropriation for FY11, based on the budget that was passed by Connecticut General Assembly 8/31/09 and went in effect without the Governor's signature. The legislature passed a revised budget on 12/21/09 that was vetoed by the Governor.

^c Medicaid expenditures for managed care organization payments (\$716,165,608) and behavioral health partnership services and administration (\$114,487,891), not including pharmacy payments after 2/1/08. Source: FY08-09 budget, Table I FY08 Medicaid Appropriations, p.338.

^d HUSKY Program performance monitoring has been state-funded since 1995 in a line item labeled "Children's Health Council" in the FY10-11 budget for the Department of Social Service.

^e The Department of Social Services had not contracted for HUSKY performance monitoring in FY10.

Budget and Policy Trends

Under provisions of the American Recovery and Reinvestment Act (ARRA) of 2009, Connecticut and other states have drawn down enhanced federal matching funds for Medicaid. In return, states have been prohibited from cutting back on eligibility or taking steps to erect barriers to coverage. The enhanced payments and “maintenance of effort” requirements are scheduled to end in December 2010. Connecticut is counting on Congress to extend fiscal relief in 2011 (estimated \$265 million in state fiscal year 2011).

The HUSKY Program has recently undergone significant changes aimed at improving health care access for Connecticut children and families. In the past two years, new managed care organizations have come into the program, pharmacy care and dental care have been carved out of managed care, and primary care case management is now offered as an alternative for families in some parts of the state. Provider reimbursement was increased across the board in 2007 and for dental care providers in 2008. Meanwhile, enrollment has increased dramatically. Maintaining independent performance monitoring of the HUSKY Program will help to ensure that policymakers have the information they need for oversight and for evaluating the effect of program changes. Legislators need to know whether over \$800 million spent in the HUSKY program provides access to quality and timely health care to children and families.

When families experience hard times, it is important that they know health care coverage is available for their children. Outreach is a vitally important component of the HUSKY Program. In addition, the HUSKY Infoline provides invaluable one-to-one assistance for families with questions or difficulties obtaining coverage or needed care. In recent years, state funding for HUSKY outreach has been cut by half. In the meantime, community based organizations such as Healthy Start continue to help families obtain coverage. With funding from the Connecticut Health Foundation, Connecticut Voices for Children supports a statewide coalition of organizations that conduct HUSKY outreach. In 2009, the federal government awarded \$1.4 million for outreach in Connecticut.³

Governor's Proposed FY 11 Budget Adjustments

The Governor has proposed the following cuts that will directly affect children and families in the HUSKY Program:

- **Increase premiums for children in HUSKY B:** Raise premiums for children in HUSKY B Band 2 (235-300% of the federal poverty level; over 5,000 children under 19) from \$30 per child per month (\$50 per family per month maximum) to \$50 per child per month (\$75 per family per month maximum). New and increased premiums would result in thousands of children losing HUSKY coverage. When HUSKY B premiums were raised in 2004 and again in 2005, thousands of children would have lost coverage had the premium increases gone into effect. Recognizing the harmful impact, policymakers repealed the premiums — twice. Connecticut should avoid repeating mistakes of the past. If families lose their HUSKY coverage, the costs for children's health care will shift elsewhere in the health care system in the form of increased use of emergency rooms and uncompensated care in clinics, provider's offices, and hospitals. Estimated savings: \$1,440,000.
- **Increase co-payments in HUSKY B:** Raise cost-sharing for children's health services to amount paid for services under the state employees' health benefits program; for example from \$5 to \$10 or \$15 per outpatient physician visit, from no co-payment to \$10 or \$15 for each outpatient visit for mental health care or substance abuse treatment. Co-payments discourage the use of needed health care. Families that have difficulties paying are likely to forego needed care or be turned away by providers who have been unable to collect for previous visits. The burden for increased co-payments will fall on families and on the providers and hospitals that must collect the new fees. Estimated savings: \$710,000.
- **Eliminate funding for HUSKY Infoline:** Discontinue funding for one-to-one telephone assistance now available to help families enroll eligible children and obtain needed care. Estimated savings: \$706,452.
- **Impose new co-copayments on parents and other adults in the Medicaid program:** Charge adults nominal co-payments for services other than inpatient, emergency, home health, laboratory or transportation, including preventive care, up to 5% of family income, with caps on pharmacy services. Children and pregnant women would be exempt from the co-payment requirement. Estimated savings: \$9,000,000.

- **Discontinue coverage of most non-prescription medication for parents and other adults in Medicaid:** With the exception of insulin and insulin syringes, eliminate coverage for analgesics, anti-inflammatories, and other over-the-counter medications used to treat health conditions alone or in combination with prescription medications. Estimated savings: \$7,670,000.
- **Eliminate coverage for eyeglasses and services provided by optometrists for adults in Medicaid:** Eliminate coverage for eyeglasses and contact lenses, but maintain coverage for eye exams and services by ophthalmologists. Estimated savings: \$4,600,000.

In addition, the Governor has recommended programmatic changes that will save money and, with proper oversight and contract management, may lead to improved service for children and families in the HUSKY Program:

- **Convert HUSKY to a non-risk model:** Eliminate managed care for children and families in HUSKY A and B, then continue support for families under a non-risk arrangement with an administrative services organization (as is currently the administrative model for behavioral health services and dental care in the HUSKY Program). Estimated savings: \$28.8 million.
- **Provide Medicaid coverage of medical interpreters through one vendor:** By restricting services to one centralized vendor, reduce costs associated with providing foreign language interpretation for Medicaid clients with limited English proficiency. Estimated savings: \$1,800,000.

The Bottom Line

Just when the economic recession has increased unemployment and increased the risk of families losing employer-based health coverage, Governor Rell has proposed balancing the budget with some substantial cuts to health services for children and families in the HUSKY Program. During this economic downturn, Connecticut should step up its support for HUSKY and Medicaid, not cut back. These programs help children and families maintain their health by providing essential health care coverage when workers lose their jobs. Cuts to HUSKY are penny wise and pound foolish, particularly in this environment. Preventive care through HUSKY can help reduce costs for the entire health care system. Because the federal government currently covers a significant portion of the cost, Connecticut would have to cut about \$3 from HUSKY A or over \$3 from HUSKY B in order to save just \$1 in state funds.

Experience in Connecticut and other states has shown that decreasing outreach and increasing out-of-pocket costs for families may save the state money in the short run, but the savings come as a result of *keeping eligible children and parents from applying for coverage and getting needed care*. In addition, these reductions in coverage are likely to shift costs to families and other parts of the health care system when people seek care from safety net providers and emergency departments.

In addition, the federal government must be a full partner in helping Connecticut maintain essential services for children and families. Congress should step up to the plate and extend enhanced federal matching funds into 2011.

Connecticut Voices for Children is a non-profit organization that conducts research and policy analysis aimed at improving the lives of Connecticut's children and families. This brief was prepared by Mary Alice Lee, Ph.D., Senior Policy Fellow, and Sharon Langer, M.Ed., J.D., Senior Policy Fellow, with support from the Connecticut Health Foundation.

¹ Kaiser Commission on Medicaid and the Uninsured. Connecticut: Distribution of Medicaid enrollees by enrollment group, FY2006; distribution of Medicaid payments by enrollment group FY2006. www.statehealthfacts.org. Accessed January 19, 2010.

² US Census Bureau. 2008 data for Connecticut from the 2009 Current Population Survey. www.census.gov. Accessed September 10, 2009.

³ The US Department of Health and Human Services awarded funding for outreach for a two-year period ending December 31, 2011, to the following Connecticut organizations: Community Health Center, Inc. (\$400,484), Community Health Center Association of Connecticut (\$988,177), and Hartford Catholic Charities (\$104,423).

